

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary _ Public

Date: 1/18/2013

GAIN Report Number: KS1305

Korea - Republic of

Post: Seoul

2013 Rice MMA Purchasing Plan

Report Categories:

Grain and Feed

Approved By:

Kathryn M. Ting

Prepared By:

Sunchul Choi//Mark Myers

Report Highlights:

Under the recently released 2013 Minimum Market Access (MMA) purchasing plan, Korea will purchase 388,353 MT of rice, comprised of 183,125 MT under the global quota (GQ) and several country specific quotas (CSQ) totaling 205,228 MT. 84 percent of the US CSQ quota has been allocated to table rice this year, compared to 80 percent in 2012. The United States could sell up to 150,000 MT, or 39 percent of the total MMA taking into account the U.S. CSQ of 50,076 MT and 37,498 MT of medium grain and 63,000 MT of optional varieties under the global quota.

General Information:

Overview:

The Korean government announced the release of the 2013 Minimum Market Access (MMA) rice purchasing plan, included at the end of this report. [1] Under the 2013 MMA, Korea plans to purchase its commitment of 388,353 MT of rice, up 20,347 MT or about 6 percent from last year.

The MMA is divided between the MFN global quota (GQ) of 183,125 MT and the country specific quotas (CSQ) totaling 205,228 MT. The GQ is further allocated by rice variety: 20.5 percent to medium grain, 25.5 percent to short grain, 20 percent to long grain and the remainder to optional varieties. The United States is expected to receive from 120,000 up to 150,000 MT, or roughly 31- 39 percent of the total MMA volume. The anticipated U.S. share is calculated by adding the 37,498 MT of medium grain and 63,000 MT of optional varieties allocations under GQ to the 50,076 MT of U.S. CSQ.

This year's announcement of the grain purchasing plan was released earlier than in years past in part because Korea is trying to expedite the tendering and delivering of rice to stabilize the domestic rice market which has been bullish due to lower than expected 2012 rice production. According to press reports, Korean farmers have been holding rice stocks in hopes of receiving higher prices later in the season. The tendering process is expected to be completed earlier than previous years. The delivery of most of the brown rice for processing is scheduled to be completed by the first half of 2013, while milled rice shipments for table purpose are scheduled for delivery from March through year end based on the schedule of rice auctions.

Looking at the 2013 MMA in its entirety, Korea will import 116,505 MT of table rice and 271,848 MT of processing rice. While both of these amounts continue to grow each year, the percentage of table rice is fixed at 30 percent of the overall MMA. Refer to Table 1 to see how volumes have changed over time.

Global Quota

This year's GQ is 183,125 MT, up 20,348 MT from last year. The GQ is generally for processing rice and is usually divided based on type: short, medium, or long grain rice. This year, short grain (SG), medium grain (MG), long grain (LG) and sweet rice will represent 26, 21, 20 and 1.6 percent of the GQ respectively. The United States is the primary supplier of MG rice to the Korean market, while China supplies all the SG. However, countries other than Thailand are dominating most of the LG quota in recent years.

The remaining 31.4 percent is made up of an optional variety allocation between medium and short grain rice, consisting of 20,000 MT of milled rice for table purpose and 40,000 MT (milled) of brown rice for processing purpose. The 20,000 MT of milled rice that the Korean government has allocated under the global quota offsets the decrease in Chinese table rice under CSQ. The 40,000 MT of optional variety for processing purpose replaces the portion of broken rice allocated for alcohol processing last year.

Country Specific Quotas

The aggregate CSQ volume remains fixed each year at 205,228 MT. The United States, Australia, Thailand and China each have CSQs. These quotas are comprised of both processing and table rice. Although the individual CSQs are fixed, the volume of table rice increases each year with an offsetting reduction in the volume of processing rice. Under the 2013 CSQ's, Korea will purchase 96,505 MT of table rice (see table 4), down 13 percent from the previous year due to the reduction in the table rice portion of the Chinese CSQ. Accordingly Chinese processing rice increased to 70,217 MT or up 15 percent from the previous year (See Table 6).

The 2013 U.S. CSQ, totaling 50,076 MT, is made up of 42,291 MT of table rice and 7,785 MT for processing. The U.S. table rice allocation of 42,291 MT compares to 40,056 MT in 2012, a 6 percent increase in response to a greater demand of U.S. medium grain in the Korean consumer market. The percentage of the US CSQ allocated to processing has consequently been reduced to 7,785 MT or 16 percent of the total CSQ.

As a result, the U.S. share of total Korean table rice imports will be 43.8 percent in 2013, which is nearly 8 percentage points higher than last year under the CSQ. The increased table rice allocation for the United States is attributed to a reduced allocation of Chinese and Thai rice for table purpose due to a lack of consumer confidence. The long grain Thai table rice has a very limited demand in Korea and has been re-allocated based on local market conditions. Chinese table rice has also undergone slow auctioning. Due to the aforementioned market conditions, the U.S. table rice allocation under the 2013 MMA is 18,744 MT higher than it would have otherwise been (Refer to Table 4). Assuming that U.S. bidders win 20,000 MT of table purpose under the global quota under the optional biddings of SG/MG, U.S. medium grain milled rice for table purpose could exceed 60,000 MT, or 51 percent of total table rice.

Korea continues to designate U.S. table rice by #1 and #3 grades, despite calls from both industry and USG for the entire allocation to be designated as #1. According to the U.S. rice industry, as the #3 grade table rice is not produced in the United States, U.S. suppliers are reportedly selling #1 rice as if it were #3 grade rice. However, aT and MIFAFF, continue to maintain a 90-10 ratio to meet market demand for both #1 and #3 in Korea, respectively.

Table 1.

Korea: Rice Import Schedule (MT, Milled Rice)				
Calendar Year	Total	Processing	Table Purpose	Rate of Table Rice (%)
2005	225,575	203,018	22,557	10
2006	245,922	211,493	34,429	14
2007	266,270	218,342	47,928	18
2008	286,617	223,562	63,055	22
2009	306,964	227,154	79,810	26
2010	327,311	229,118	98,193	30
2011	347,658	243,361	104,297	30
2012	368,006	257,605	110,401	30
2013	388,353	271,848	116,505	30
2014	408,700	286,090	122,610	30

Source: Ministry of Food, Agriculture, Forestry & Fisheries (MIFAFF)

Table 2.

Korea: Global Quota Allocation per Rice Variety (MT, Milled rice)							
Year	Medium Grain	Short Grain	Long Grain	Optional Variety			Total
				Unbroken	Broken	Sweet	
2005	6,104	11,192	3,052	na	na	na	20,347
%	30	55	15	na	na	na	100
2006	13,022	21,568	6,104	na	na	na	40,694
%	32	53	15	na	na	na	100
2007	19,534	32,351	9,156	na	na	na	61,041
%	32.0	53	15	na	na	na	100
2008	19,534	32,352	9,156	20,347 ^{a/}	na	na	81,389
%	24.0	39.8	11.2	25.0	na	na	100
2009	31,270	40,119	9,000	na	20,347 ^{b/}	1,000 ^{c/}	101,736
%	30.7	39.4	8.9	na	20.0	1.0	100
2010	33,325	42,411	15,347	5,000 ^{d/}	25,000 ^{b/}	1,000 ^{c/}	122,083
%	27.3	34.7	12.6	4.1	20.5	0.8	100
2011	35,825	44,911	20,694	10,000 ^{d/}	30,000 ^{b/}	1,000 ^{c/}	142,430
%	25.2	31.5	14.5	7	21.1	0.7	100

2012	40,825	49,911	26,042	10,000 ^{d/}	36,000 ^{b/}	0	162,778
%	25.1	30.7	16.0	6.1	22.1	0.0	100
2013	37,498	46,627	36,000	60,000 ^{e/}	0	3,000	183,125
%	20.5	25.5	19.7	32.7	0	1.6	100

Source: MIFAFF

1/ MIFAFF introduced an optional variety allocation in the 2008 MMA in order to minimize outlays due to rising international grain prices.

a/ Optional Variety among medium, short and long grain

b/ Broken rice with an optional variety

c/ Sweet rice with an optional variety

d/ Optional Variety between medium and short grain

e/ Optional Variety between medium and short grain consisting of 40,000 MT for processing purpose and 20,000 MT for table purpose.

Table 3

Korea: Import Schedule of Table Rice (Milled Rice, MT)						
Calendar Year	Total MMA	(Col. 1) Total Table Rice	Rate of Table Rice (%)	(Col 2) U.S. Share of Total Table Rice (%)	(Col 3) US CSQ for Table	US CSQ for Processing
2005	225,575	22,557	10	24.4	5,504	44,572
2006	245,922	34,429	14	30.3 ^{a/}	10,414	39,662
2007	266,270	47,928	18	29.6 ^{a/}	14,193	35,883
2008	286,617	63,055 ^{b/}	22	30.1 ^{a/}	18,989	31,087
2009	306,964	79,810 ^{c/}	26	29.8 ^{a/}	23,760	26,316
2010	327,311	98,193	30	26.7 ^{a/}	26,219	23,857
2011	347,658	104,297	30	26.3 ^{a/}	27,473	22,603
2012	368,006	110,401	30	36.3 ^{d/}	40,056	10,020
2013	388,353	116,505 ^{e/}	30	36.3 ^{d/}	42,291	7,785
2014	408,700	122,610	30	24.4	29,917	20,159

Source: Ministry for Food, Agriculture, Forestry & Fisheries (MIFAFF)

Note: Estimates for 2012-14 are calculated using the following formula:

Total CSQ table rice CSQs (col. 1) X U.S. share of total table rice CSQs (col. 2) = US Table Rice Allocation (col. 3)

a/ include reallocation of Thai table rice allocation

b/ 24,934MT of Chinese rice was diverted to the processing purpose

c/ 33,303 MT of Chinese rice and 1,500 MT of Thai rice were diverted to the processing purpose

d/ include reallocation of Chinese and Thai table rice allocation that were slow in selling auctions

e/ include 20,000 MT of global quota

Table 4

Korea: CSQ Table Rice Allocation (MT, Milled rice)					
Year	USA	China	Thailand	Australia	Total
2005	5,504	12,767	3,293	993	22,557
%	24.4	56.6	14.6	4.4	100
2006	10,414	21,500	1,000	1,515	34,429
%	30.3	62.4	2.9	4.4	100
2007	14,193	29,626	2,000	2,109a/	47,928
%	29.6	61.8	4.2	4.4	100
2008	18,989	39,292	2,000	2,774b/	63,055
%	30.1	62.3	3.2	4.4	100
2009	23,760	49,462	3,078 c/	3,510b/	79,810
%	29.8	62.0	3.8	4.4	100

2010	26,219	65,556	2,100 c/	4,318a/	98,193
%	26.7	66.8	2.1	4.4	100
2011	27,473	67,135	5,100c/	4,589a/	104,297
%	26.3	64.4	4.9	4.4	100
2012	40,056	62,487	3,000c/	4,858	110,401
%	36.3	56.6	2.7	4.4	100
2013 Plan	42,291	45,942	3,146	5,126	96,505
%	43.8	47.6	3.3	5.3	100

Source: MIFAFF

a/ USA won the Australian CSQ allocation converted to MFN due to Australia's inability to fulfill quota due to drought conditions.

b/ China won the Australian CSQ allocation converted to MFN due to Australia's inability to fulfill quota due to drought conditions.

c/ included 90MT of Jasmin rice

Table 5.

Korea: U.S. #1 vs #3 Table Rice Allocation (MT, Milled rice)			
Year	#1	#3	Total
2005	2,752	2,752	5,504
%	50	50	100
2006	6,248	4,166	10,414
%	60	40	100
2007	9,935	4,258	14,193
%	70	30	100
2008	15,191	3,798	18,989
%	80	20	100
2009	21,384	2,379	23,760
%	90	10	100
2010	23,597	2,622	26,219
%	90	10	100
2011	24,726	2,747	27,473
%	90	10	100
2012	36,050	4,006	40,056
%	90	10	100
2013 plan	38,062	4,229	42,291
%	90	10	100

Source: MIFAFF

Table 6.

Korea: Processing Rice Allocation Based on CSQ (MT, Milled rice)					
Year	USA	China	Thailand	Australia	Total
2005	44,572	103,392	26,670	8,037	182,671
%	24.4	56.6	14.6	4.4	100
2006	39,662	94,659	28,963	7,515	170,799
%	23.2	55.4	17	4.4	100
2007	35,883	86,533	27,963	6,921a/	157,300
%	22.8	55.0	17.8	4.4	100
2008	31,087	76,867	27,963	6,256a/b/	142,173
%	21.9	54.1	19.6	4.4	100

2009	26,316	66,697	26,885	5,520c/	125,418
%	21.0	53.2	21.4	4.4	100
2010	23,857	50,603	27,863	4,712c/	107,035
%	22.3	47.3	26.0	4.4	100
2011	22,603	49,024	24,863	4,441b/d/	100,931
%	22.4	48.6	24.6	4.4	100
2012	10,020	53,672	26,963	4,172	94,827
%	10.6	56.6	28.4	4.4	100
2013 Plan	7,785	70,217	26,817	3,904	108,723
%	7.1	64.6	24.7	3.6	100

Source: MIFAFF

a/ Thailand won the Australian CSQ allocation converted to MFN due Australia's inability to fulfill quota due to drought conditions.

b/ broken rice

c/ Pakistan won the Australian CSQ allocation converted to MFN due to Australia's inability to fulfill quota due to drought conditions.

d/ Vietnam won the Australian CSQ allocation converted to MFN due to Australia's inability to fulfill quota due to drought conditions.

Plan for 2013 MMA

Quota allocation for 2013 MMA

(Unit : M/T, milled rice basis)

Item		Type	Allocation by Grade			
			Non Table rice	Table rice		
				US.No.1	US.No.3	Total
CSQ (205,228)	China (116,159)	Short	70,217	27,565	18,377	45,942
	US (50,076)	Medium	7,785	38,062	4,229	42,291
	Thailand (29,963)	Long	26,817	3,146	0	3,146
	Australia (9,030)	Medium	3,904	2,563	2,563	5,126
	Total		108,723	71,336	25,169	96,505
MFN (183,125)	(Short)46,627; (Medium)37,498; (Long)36,000; (Short/Medium)60,000 ^{a/} ; (Glutinous) 3,000 a/ include 20,000 MT for table purpose					

^[1] All statistics are reported on a milled basis.